

CONSERVATION SECURITY PROGRAM (CSP) REQUEST FOR CONTRACT MODIFICATION/CANCELLATION

I _____ hereby request a modification of my CSP contract
(Participant Name)
number _____ in _____ County, for the following reason(s):

- ☐ Announced Modification Period
- ☐ Maintenance Modification for the following reasons (justification details required in writing)
- ☐ Loss of control of land
- ☐ Loss is Voluntary (Cost Recovery Required)
- ☐ Loss is not voluntary (signed documentation required)
- ☐ Change in participant shares
- ☐ Deleting Contract Items
- ☐ Cancellation of Contract (Cost Recovery Required)
- ☐ Cancellation with a signed Transfer Agreement (NRCS-CPA-152)
- ☐ Destruction of Practices established under this contract (Cost Recovery Required)
- ☐ Other _____ (Cost Recovery May Be Required)
(Specify purpose)

Describe your reason(s)/justification for any of the above purposes (documentation required):

*Add additional sheets as needed.

By signing below I certify that I understand that NRCS generally seeks a recovery of cost when a Conservation Program Contract (CPC) is cancelled or terminated. This cost recovery can consist of refund of all cost-share funds paid (plus interest) plus liquidated damages in accordance with the provisions of the CPC Appendix and applicable program regulations.

(Signature of Participant)

(Date)

Additional description if needed for Modification of CSP Contract Number _____:

[illegible]

Submit this form and all supporting documentation to your local Natural Resources Conservation Service office.

Explanation and Calculation of Cost Recovery and Liquidated Damages

Note: Not applicable if a modification or a Transfer Agreement is signed.

A Conservation Program Contract may be cancelled by both parties; the obligations contained in the CPC are ended through this action which annuls the responsibilities of both parties to the contract. There is a slight, but significant difference in the terminology used when CPC obligations are ended, as follows:

Cancellation — A cancellation may be initiated by the participant and is an equitable remedy that allows both parties to the contract to terminate the contractual relationship. (See 440-CPM, Subpart F, Section 512.57 (b).) **A recovery of costs may or may not be appropriate** depending upon the circumstances included in the program participant's written request for cancellation.

Termination — is due to a breach of the terms and conditions of the contract and is initiated by NRCS. (See 440-CPM, Section 512.57 (c).)

440-CPM, Part 512.58 Recovery of Costs

a) Applicability of Cost Recovery

NRCS generally seeks a recovery of costs when a contract is terminated or cancelled. Refer to the contract Appendix to determine if cost recovery applies to the contract in question. Recovery costs include an estimated value of technical assistance (liquidated damages) and a refund of financial assistance (cost-share obligations).

(b) Liquidated Damages

Liquidated damages is an amount contractually stipulated as a reasonable estimation of actual damages to be recovered by one party if the other party breaches the terms and conditions of the contract and is the sum fixed as the measure of damages for a breach, whether it exceeds or falls short of the actual damages. As such, an assessment made by NRCS of liquidated damages does not legally constitute a penalty as the amount recoverable through this assessment does not represent the damages that have actually occurred, but as a sum named as such. Therefore, the assessment of liquidated damages does not constitute any penalty for the breach, but only serves as a recovery of NRCS administrative and technical service costs forgone (Blacks Law Dictionary, 7th Edition, Garner, Bryan A, Editor in Chief, West Group Publishing, page 395).

The participant may be assessed a percentage of the total financial assistance obligations for a cancelled contract where any of the following apply:

- Participant voluntarily requests cancellation.
- Participant voluntarily loses control or transfers all or part of the land under contract, and there is no successor-in-interest.

The amount of liquidated damages is up to 20 percent of the total financial assistance funds obligated on the contract at the time the contract is terminated, and will be an amount over and above repayment of financial assistance costs paid to participants. The estimate of NRCS administrative and technical service costs is based on a national model that distributes most of these costs within the first 4 years of a contract. Use the following table to estimate NRCS costs for establishing the maximum assessment of liquidated damages:

Year of Contract	Maximum Liquidated Damages Assessment (%)
1	7.5
2	15
3	18
4	20
5+	20

(c) Refund of Cost-Share Obligations

Financial assistance will be refunded in accordance with the provisions of the contract Appendix and the applicable program regulation included as part of the contract when originally approved—

- For any contract, the State Conservationist determines if a refund of payments made will be reduced by a proportion that reflects either of the following:
 - The good-faith effort of the participant to comply with the contract, or
 - A situation beyond the participant's control that has prevented compliance with the contract.
- Where the State Conservationist determines that any refund owed can be reduced, the reduction will be based on all of the following:
 - Assurance that failure to perform the remaining practices on the contract will not impair the effectiveness of those performed;
 - Assurance that performed practices will provide conservation or environmental benefits consistent with program goals and objectives; and
 - Assurance that performed practices will be operated and maintained by the producer for the life span of these practices.

(d) Interest Charges

NRCS will assess late payment interest on the full amount of delinquent debts. For Conservation Program Contract purposes, the term "full amount of the delinquent debt" means the sum of the principal and accrued program interest, and any other charges which are otherwise due on the delinquent debt. NRCS will calculate program interest for contracts on the financial amount from the date such monies were originally disbursed using the current value of funds rate, published annually, in the Federal Register by the United States Department of Treasury.

Interest will be calculated solely on the repayment of cost-share funds paid previously to the participant. The interest calculation shall not include any liquidated damages determined to be due. The interest calculation also shall not include any fund repayments which have been waived by the State Conservationist.

Calculation estimates will be completed by the district conservationist when a signed cancellation request is received.

ESTIMATED* Cost recovery calculations for Contract number: _____

Total Contract amount:	_____
Liquidated Damages rate:	x _____%
Liquidated Damages amount:	_____

Cost Share Payments made*:	_____
Liquidated Damages amount:	+ _____
Total Estimated Cost Recovery amount:	_____

* Note: Interest Charges on Cost-Share Payments made will be calculated by NRCS Financial Management Staff and added at the time of billing.

I have reviewed the figures above and understand that the final decision on cost recovery amount and applicability is up the State Conservationist based on the information provided with this form.

_____ Participant	_____ Date	_____ District Conservationist	_____ Date
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